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TAGS: ECON EAID EFIN IIZ

SUBJECT: SALAH AD DIN OFFICIAL: GREATER DECENTRALIZATION
NEEDED

Classified By: Classified By: PRT Team Leader Richard Larson, reason E.
¶O. 12958 1.5 (B,D)

¶1. (U) This is a Salah Ad Din PRT reporting cable.

¶2. (C) Summary: According to Salah-ad-Din (SaD) Provincial Council (PC) member Suleiman Yousif Ahmad, limited provincial authority over budgets and projects contributes to local residents' lack of confidence in the SaD PC. He maintains that greater decentralization from the GOI will not only improve project execution and budgeting for the provinces, it will highlight PC successes to local residents. To this end, SaD Deputy Governor Abdullah Hussein Al-Jebarra is advocating establishment of permanent representation for the provinces in the Prime Minister's office. End summary.

LIMITS ON PROVINCIAL INPUT INTO BUDGET ALLOCATION

¶3. (C) Suleiman reports that the GoI has been slow and unpredictable in disbursing the provincial capital budget. SaD has only received around 32 percent of its 2008 capital budget and still only 60 percent of its 2007 capital budget. SaD officials attribute the delay primarily to foot-dragging and goalpost-moving by the Ministry of Planning. They say this sort of problem shows the need to empower provinces to exercise more direct control over their budgets. (Note: Planning Ministry DG for Budgeting told Emboff October 15 that SaD was one of eight provinces that had not yet provided documentation on the progress of 2007 capital projects, and thus had not received their remaining 2007 allocations. End note.)

¶4. (SBU) Suleiman also told the PRT that the SaD PC is dissatisfied with the current budget allocation from the national government to the provinces. He specifically pointed to two imbalances that adversely affect the provinces: 1) the provinces only receive 34 percent of the total GOI budget, and 2) the imbalance between giving the three provinces of the KRG 17 percent of the annual GOI budget while making the remaining 15 provinces share 17 percent of the GOI budget. (Comment: For the purpose of comparing provinces and the KRG region, it makes most sense to compare only the capital budgets. By that measure, ministries received 51.9 percent of the 2008 capital budget including the supplemental, the KRG got 17.6 percent, and the remaining provinces received 30.5 percent. Most of the ministries' capital budget is expended in the non-KRG provinces. End comment.) SaD residents are largely dissatisfied with the SaD PC's track record of budget execution according to Suleiman, but he claims provincial officials need more authority in order to do a better job.

LIMITS ON PROVINCIAL INPUT INTO PROJECT EXECUTION

¶5. (C) Suleiman also complained that the current system of project selection and management limits provincial input. Under the current system, contractors in Baghdad have an unfair advantage in bidding on ministry projects in the

provinces because the tendering process occurs only in the capital. Baghdad contractors typically win the contracts and resell them to local contractors. Because SaD authorities are not included in the process, it results in waste and abuse. (Note: This applies to ministerial capital-budget projects, not to provincial capital-budget projects. End note.)

¶ 16. (C) This leads many SaD residents to conclude that provincial officials are not doing anything to improve local infrastructure. Suleiman complained that large capital infrastructure projects are not possible given the size of the current provincial budget, and that smaller projects are spread so thin as to be almost invisible to the public. For example, Suleiman said that in 2007 SaD built 88 schools throughout the province, but people scarcely noticed because the schools were so spread out, each being too small to attract attention beyond its immediate area.

¶ 17. (C) Large infrastructure projects are provided for in ministries' capital budgets, but they are not coordinated with the provincial governments, according to Suleiman. He claimed that provincial officials have a much better understanding of what local infrastructure needs are, and SaD residents would be better served if provincial officials were empowered to oversee these projects. Suleiman said that SaD has qualified people and should be allowed to plan for its own needs.

SAD INVOLVEMENT IN THE PROVINCIAL COUNCILS COMMISSION

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¶ 18. (SBU) Suleiman maintains that more effective representation for the provinces at national level will decentralize control of projects, giving some needed authority to the provinces. The Coordination Commission of Provincial Councils and Regions of Iraq is one forum for provincial representation at a national level. Suleiman told the PRT that SaD has been an active member of the Commission since its formation in 2006. Each province is represented on the Commission by two PC members -- in SaD's case, Suleiman and Mustafa Aish, who has since become the PC Deputy Chairman.

¶ 19. (C) Suleiman said the Commission has attempted to fill the communications gaps among PCs and between the provinces as a group and the GoI. He called it the sole coordinating body representing the provinces collectively at the national level. (Note: Our provincial contacts dismiss the Ministry of State for Provincial Affairs as "a mailbox." End note.) Suleiman asserted that the Commission members coordinate together and seek to build support among CoR members on issues that are important to the provinces.

NEED FOR A NEW NATIONAL FORUM FOR PROVINCES

¶ 110. (C) Suleiman identified several features of the Coordination Commission that limit its effectiveness in representing provincial interests nationally. One drawback is that the Commission normally meets only once every two months. In addition, the Commission has no designated point of contact in the GOI, since the provinces are separate from both the executive and legislative branches of the national government. The Commission invites representatives from the relevant ministries as issues arise, and communicates with ministries via memoranda. After its last meeting, the Commission issued a memorandum to the Ministries of Finance and Planning, making the case for a decentralized financial system. But according to Suleiman, no response has yet been received.

¶ 111. (C) As a result, at the August 2008 Baghdad conference for all provincial governors, SaD joined other provinces in a

call to establish permanent provincial representation in the Prime Minister's Office. That representation would supervise the allocation of budgets to the provinces and provide a full-time point of contact for provincial dealings with the GoI.

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